

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6486**

**BILL NUMBER:** SB 141

**NOTE PREPARED:** Dec 12, 2007

**BILL AMENDED:**

**SUBJECT:** Sales Tax Exemption for College Textbooks.

**FIRST AUTHOR:** Sen. Alting

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that sales of textbooks are exempt from the state Sales Tax if: (1) the textbooks are required for an undergraduate or graduate course at an accredited college or university; and (2) the purchaser is a student, or a parent or guardian of a student, enrolled in the course for which the textbooks are required.

**Effective Date:** July 1, 2008.

**Explanation of State Expenditures:** This bill will increase the administrative costs of the Department of State Revenue (DOR). The DOR will have to amend the Sales Tax forms, as well as update computer software. It is estimated that the provisions of this bill can be implemented within the existing level of resources available to the DOR.

**Explanation of State Revenues:** This bill will reduce Sales Tax revenue by approximately \$7.0 M in FY 2009 and \$8.4 M in FY 2010. The bill provides an exemption for textbooks required for any courses at an accredited college or university, as long as the textbooks are purchased by a student or a student's guardian, and the student is enrolled in the course for which the textbook is required. The FY 2009 amount is adjusted for 11 months of collection that will occur after the July 1, 2008, effective date.

Sales Tax revenue is deposited in the Property Tax Replacement Fund (50%), the state General Fund (49.067%), the Public Mass Transportation Fund (0.76%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Fund (0.033%). The table below illustrates the reduction in Sales Tax revenue that would be distributed to each of these funds.

<b>Fund</b>	<b>FY 2009</b>	<b>FY 2010</b>
General Fund	\$3,448,000	\$4,129,000
Property Tax Replacement Fund	\$3,514,000	\$4,207,000
Public Mass Transportation Fund	\$53,000	\$64,000
Industrial Rail Service Fund	\$2,000	\$3,000
Commuter Rail Service Fund	\$10,000	\$12,000
<b>TOTAL</b>	<b>\$7,027,000</b>	<b>\$8,415,000</b>

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:** National Retail Federation's *2007 Back-to-School Consumer Intentions and Actions Survey*; BIGresearch, August 2007; Enrollment statistics from the National Center for Education Statistics.

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